

Livingston Parish Fire Protection District Four

Annual Financial Statements As of and for the Year Ended December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 14 2011

Livingston Parish Fire Protection District Four

**Annual Financial Statements
As of and for the Year Ended December 31, 2010
With Supplemental Information Schedules**

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Board Members of
Livingston Parish Fire Protection District Four
Denham Springs, Louisiana

We have audited the accompanying basic financial statements of the governmental activities of Livingston Parish Fire Protection District Four, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2010, as listed in the Table of Contents. These basic financial statements are the responsibility of Livingston Parish Fire Protection District Four's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards and the guide require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Livingston Parish Fire Protection District Four, as of December 31, 2010, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2011, on our consideration of the Livingston Parish Fire Protection District Four's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Livingston Parish Fire Protection District Four's basic financial statements. The accompanying required supplementary information, Parts I and II, as listed in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Livingston Parish Fire Protection District Four, but is required by the Governmental Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and we express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplemental information listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Livingston Parish Fire Protection District Four. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Malcolm M. Dienes, LLC

August 30, 2011

Required Supplemental Information (Part I)
Management's Discussion and Analysis

**Livingston Parish Fire Protection District Four
Management Discussion and Analysis
December 31, 2010**

This section of the Livingston Parish Fire Protection District Four's (the District) annual financial report represents our discussion and analysis of the District's financial activities for the year ended December 31, 2010.

The purpose of this discussion and analysis is to provide the citizens that live within the District a broad overview of the District's finances. Please read this document in conjunction with the detailed financial statements.

The Management's Discussion and Analysis (MD&A) is required by the Government Accounting Standards Board (GASB).

FINANCIAL HIGHLIGHTS

- * Net Assets on December 31, 2010 was \$6,770,823 as compared with \$5,904,743 on December 31, 2009.
- * The Net Assets of the Governmental Activities showed an increase of \$866,070 which represents an increase of 14.67%.
- * The total general fund balance at December 31, 2010 was \$4,671,860 as compared to \$4,398,220 on December 31, 2009. This reflects an actual increase in 2010 to the general fund of \$273,640 or 6.22%.
- * The District had a 8.41% increase in the amount of ad valorem tax revenue in 2010 as compared to 2009. These increases are due to the continued economic growth in the area and the continued increase in property values over the past few years. The total ad valorem tax revenue totaled \$1,758,905 in 2010 as compared to \$1,622,509 in 2009 and represents 65.91% of the total 2010 revenues as compared to 63.96% of the total 2009 revenues.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the District. The District's basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the District's financial position and results of operations in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued but unpaid interest).

**Livingston Parish Fire Protection District Four
Management Discussion and Analysis
December 31, 2010**

The government-wide financial statements can be found on pages 11 - 12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the District are governmental type funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET ASSETS

The following is a schedule of the District's net assets at December 31, 2010 and 2009. Net assets are calculated by taking the difference between the total assets and total liabilities. The District's assets exceeded its liabilities by \$6,770,823 in 2010 and \$5,904,753 in 2009.

CONDENSED STATEMENT OF NET ASSETS

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Cash	\$2,563,625	\$ 204,387	\$2,359,238
Investments	-	2,375,496	(2,375,496)
Receivables, Net of Allowances	2,588,731	1,981,309	607,422

**Livingston Parish Fire Protection District Four
Management Discussion and Analysis
December 31, 2010**

Prepaid Expenses	24,995	22,877	2,118
Unamortized Debt Issuance Cost	3,773	5,512	(1,739)
Capital Assets, Net of Depreciation	<u>2,471,682</u>	<u>2,270,360</u>	<u>201,322</u>
Total Assets	7,652,806	6,859,941	792,865
Current Liabilities	339,983	291,188	48,795
Non-Current Liabilities	<u>542,000</u>	<u>664,000</u>	<u>(122,000)</u>
Total Liabilities	881,983	955,188	(73,205)
Net Assets:			
Invested in Capital Assets, Net of Related Debt	1,807,682	1,489,360	318,322
Unrestricted	<u>4,963,141</u>	<u>4,415,393</u>	<u>547,748</u>
Total Net Assets	<u>\$6,770,823</u>	<u>\$5,904,753</u>	<u>\$ 866,070</u>

The District provides fire protection services for the area citizens. Most of the funding for the District's operation and maintenance is provided by property taxes and user fees.

Property taxes are the largest source of revenue for the District. In 2010, the District assessed 10.00 mills for the operation and maintenance of the fire stations. This money is put into the general fund and is used to pay for the operation and maintenance of the stations. The operation and maintenance mills must be renewed every ten years. The current millage was renewed in September 2004 when the voters in the District approved a 10 year renewal of the 10 mill tax. The Debt Service millage expired in 2006, the final year of debt service on the general obligation bonds. The net assets restricted for debt service at the end of 2007 was spent on capital outlay during 2008 (the purpose of the general obligation bonds when issued.)

Other sources of revenue for the District include State Revenue Sharing, Fire Insurance Commissions, Grants and Interest on investments and late property tax payments. The following condensed Statement of Activities shows the major source of revenues and expenses.

CONDENSED STATEMENT OF ACTIVITIES

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Revenues:			
Charges for Services	\$ 608,399	\$ 548,721	\$ 59,678
General Revenues	<u>2,060,175</u>	<u>1,987,829</u>	<u>72,346</u>
	2,668,574	2,536,550	132,024
Expenses:			
Public Safety	1,773,729	1,687,176	86,553
Interest	<u>28,775</u>	<u>34,512</u>	<u>(5,737)</u>

**Livingston Parish Fire Protection District Four
Management Discussion and Analysis
December 31, 2010**

	<u>1,802,504</u>	<u>1,721,688</u>	<u>80,816</u>
Change in Net Assets	\$ <u>866,070</u>	\$ <u>814,862</u>	\$ <u>51,208</u>

REVENUES

- Property tax revenue increased \$136,396 or 8.41% from the previous year. This increase was a direct result of the continued growth within the District as well as increased assessed values.
- User fee revenue increased \$59,678 or 10.88 % from the previous year. Again, this increase was a direct result of the continued growth within the District.
- Interest Income decreased \$6,437 or 33.99% from the prior year. This decrease was a direct result of the decreased cash available to invest in 2010 and from the decrease in available interest rates in 2010.

EXPENSES

Total expenses increased by \$80,816 or 4.69%. This increase was because of the following:

- Increase in salaries and benefits of approximately \$16,000. This increase was caused by the new pay scale implemented in August 2007.
- Decrease in interest expense of approximately \$6,000 due to the reduction of debt.
- Increase in operating services of approximately \$59,000 caused by an increase of approximately \$43,500 in insurance and approximately \$15,000 increase in collection fees.
- Decrease in supplies of approximately \$13,500 caused by the reduction of purchases of firefighting supplies and hoses because of increased purchases in the previous years.
- Decrease in estimated uncollectible taxes of approximately \$6,500.
- Increase in depreciation expense of approximately \$17,100 caused by the increased purchases of assets in recent years.
- Increase in professional fees of \$16,000 caused by the increase in legal fees because of the contractor building Station # 10 being unable to complete contract.

BUDGETARY HIGHLIGHTS

- 2010 Final amended budgeted revenues reflects a decrease of \$122,796 from the original budgeted revenues. Actual revenues exceeded final budgeted revenues by \$383,170. This was caused by actual property tax revenues exceeding the budget by \$258,805, and actual user fee revenue also exceeding the budget by \$121,739.

**Livingston Parish Fire Protection District Four
Management Discussion and Analysis
December 31, 2010**

- The final amended budget for expenditures in 2010 reflects a decrease of \$599,218 from the original operating budgeted expenditures. Capital outlay was decreased by \$480,864 in 2010 as problems arose with the contractor constructing Station # 10. In addition, salaries and wages was reduced by \$35,877, supplies by \$30,815, and repairs and maintenance by \$20,218.
- Total expenditures exceeded the final amended budget by \$73,487 or 3.17%.

CAPITAL ASSETS

Capital assets. The District's investment in capital assets as of December 31, 2010 was \$2,471,682 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and machinery and equipment. The total increase in the District's investment in capital assets for 2010 was \$499,982.

The major additions to capital assets in 2010 were as follows:

• Construction in Progress – New Station – Net of amounts due from bonding company of \$271,779	\$ 12,109
• Purchase of Property in Watson	196,702
• Computer	1,305
• 53 Self Contained Breathing Apparatus	264,841
• Radio Enhancements	<u>25,025</u>
	<u>\$ 499,982</u>

Depreciation recorded for 2010 amounted to \$298,660.

Additional information on capital assets activity in 2010 can be found in Note 5 of this report.

LONG-TERM DEBT

In 2008, the District incurred debt of \$1,000,000 through the issuance of certificates of indebtedness. The debt will be repaid from collections of the 10.00 mill property tax levy that expires in 2014. The proceeds of the debt will be used to acquire, construct or maintain and/or operate fire protection and emergency medical service facilities, vehicles and equipment.

Additional information on the long-term debt activity in 2010 can be found in Note 9 of this report.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens and creditors with a general overview of the District's finances and reveal the District's accountability for the money received through its operations. If there are any questions about this report or need of additional financial information, contact Administrative Secretary, Jo Ann Wascom, 29758 South Palmetto Street, Walker, LA 70785.

Basic Financial Statements
Government-Wide Financial Statements

Statement A

Livingston Parish Fire Protection District Four

Statement of Net Assets

December 31, 2010

Assets

Current Assets

Cash & Cash Equivalents	\$ 2,563,625
Receivables, Net	2,316,952
Receivable from Bonding Company (Note 15)	271,779
Prepaid Insurance	<u>24,995</u>

Total Current Assets	<u>5,177,351</u>
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Noncurrent Assets

Plant, Property and Equipment, Net	2,471,682
Unamortized Debt Issuance Cost	<u>3,773</u>

Total Non-Current Assets	<u>2,475,455</u>
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Total Assets	<u>7,652,806</u>
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Liabilities

Current Liabilities

Payables	197,701
Accrued Salary Expense	11,015
Interest Payable	9,267
Due Within One Year	<u>122,000</u>

Total Current Liabilities	<u>339,983</u>
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Non-Current Liabilities

Debt	<u>542,000</u>
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Total Non-Current Liabilities	<u>542,000</u>
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Total Liabilities	<u>881,983</u>
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Net Assets

Invested in Capital Assets, Net of Related Debt	1,807,682
Unrestricted	<u>4,963,141</u>

Total Net Assets	<u>\$ 6,770,823</u>
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The accompanying notes are an integral part of these financial statements.

Livingston Parish Fire Protection District Four

Statement of Activities
For the Year Ended December 31, 2010

	Expenses	Program Revenues Operating Grants	Net Revenue (Expense) and Changes in Net Assets Governmental Activities
Expenses			
Governmental Activities - Fire Protection			
Personnel Services and Benefits	\$ 695,949	\$ -	\$ 695,949
Operating Services	504,684	-	504,684
Professional Fees	41,281	-	41,281
Supplies	181,307	-	181,307
Bad Debt Expense	47,837	-	47,837
Interest	28,775	-	28,775
Miscellaneous	2,272	-	2,272
Amortization of Debt Issue Cost	1,739	-	1,739
Depreciation Expense	<u>298,660</u>	<u>-</u>	<u>298,660</u>
Total Protection Expenses	\$ 1,802,504	\$ -	\$ 1,802,504
General Revenues			
Ad Valorem			1,758,905
State Revenue Sharing			124,954
User Fees			608,399
Fire Insurance Rebate			133,767
Interest			12,503
State Supplemental Pay			24,000
Miscellaneous			<u>6,046</u>
Total General Revenues			<u>2,668,574</u>
Increase in Net Assets			866,070
Net Assets, Beginning of the Year			<u>5,904,753</u>
Net Assets, End of Year			<u>\$ 6,770,823</u>

The accompanying notes are an integral part of these financial statements

Basic Financial Statements
Fund Financial Statements
Governmental Funds Financial Statements

Livingston Parish Fire Protection District Four

Balance Sheet
Governmental Fund
December 31, 2010

	General Fund	Total Governmental Funds
Assets		
Cash & Cash Equivalents	\$ 2,563,625	\$ 2,563,625
Taxes Receivable, Net	1,685,905	1,685,905
User Fee Receivable	588,117	588,117
State Revenue Sharing Receivable	<u>42,931</u>	<u>42,931</u>
Total Assets	<u><u>\$ 4,880,578</u></u>	<u><u>\$ 4,880,578</u></u>
Liabilities & Fund Balance		
Liabilities		
Accounts Payable	\$ 197,702	\$ 197,702
Accrued Liabilities	<u>11,016</u>	<u>11,016</u>
Total Liabilities	208,718	208,718
Fund Balance		
Unrestricted	<u>4,671,860</u>	<u>4,671,860</u>
Total Fund Balance	4,671,860	4,671,860
Total Liabilities & Fund Balance	<u><u>\$ 4,880,578</u></u>	<u><u>\$ 4,880,578</u></u>

The accompanying notes are an integral part of these financial statements.

Livingston Parish Fire Protection District Four

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2010

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balances, Governmental Funds (Statement C)	\$ 4,671,860
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Governmental Capital Assets, Net of Accumulated Depreciation	2,471,682
Receivable from Bonding Company	271,779
Prepaid insurance is recorded in the Net Asset Statement, but not recorded in the funds	24,996
Unamortized bond issuance costs reported in the Statement of Net Assets, but not in the funds	3,773
Accrued interest payable reported in the Statement of Net Assets, but not in the funds	(9,267)
Long term debt reported in the Statement of Net Assets, but not in the funds	(664,000)
Net Assets, Governmental Activities (Statement A)	<u>\$ 6,770,823</u>

The accompanying notes are an integral part of these financial statements.

Livingston Parish Fire Protection District Four

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund

For the Year Ended December 31, 2010

	General Fund	Total Governmental Funds
Revenues		
Ad Valorem	\$ 1,758,905	\$ 1,758,905
State Revenue Sharing	124,954	124,954
User Fees	608,399	608,399
Fire Insurance Rebate	133,767	133,767
Interest Earned	12,503	12,503
State Supplemental Pay	24,000	24,000
Miscellaneous Revenues	6,046	6,046
Total Revenues	2,668,574	2,668,574
Expenditures		
Current Expenditures		
Bad Debt Expense	47,837	47,837
Collection Fees	165,668	165,668
Dues and Subscriptions	4,436	4,436
Fuel and Oil	47,105	47,105
Insurance	232,270	232,270
Janitorial Supplies	3,260	3,260
Leases	4,009	4,009
Maintenance Contracts	15,144	15,144
Miscellaneous	2,270	2,270
Office Supplies and Postage	12,620	12,620
Professional Services	41,281	41,281
Repairs and Maintenance	87,181	87,181
Salaries and Wages	695,949	695,949
Supplies	48,952	48,952
Telephone	20,310	20,310
Training	4,761	4,761
Utilities	42,394	42,394
Capital Outlay		
Capital Outlay	771,762	771,762
Debt Service		
Principal	117,000	117,000
Interest	30,725	30,725
Total Expenditures	2,394,934	2,394,934
Excess Revenues over Expenditures	273,640	273,640
Other Income (Expenses)		
Transfer In	-	-
Net Change in Fund Balance	273,640	273,640
Fund Balance, Beginning of Year	4,398,220	4,398,220
Fund Balance, End of Year	\$ 4,671,860	\$ 4,671,860

The accompanying notes are an integral part of these financial statements.

Livingston Parish Fire Protection District Four

Reconciliation of the Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2010

Amounts reported for governmental activities in the Statement of Activities are different because:

Total Net Change in Fund Balances, Governmental Funds (Statement E)	\$	273,640
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Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:

Capital Outlay		771,762
Depreciation Expense		(298,660)

Amounts paid to retire debt are reported as expenditures. However, in the Statement of Activities, these payments are reductions of liabilities and are not reported on the operating statement.

Bond Principal		117,000
Amortization of Debt Issue Costs		(1,739)

Accrued unpaid interest is an expense for the Statement of Activities; however, in the governmental funds the expenditure is recognized when the expense is paid.

1,947

Net Change in Prepaid Insurance		2,120
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Change in Net Assets, Governmental Activities	\$	866,070
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The accompanying notes are an integral part of these financial statements.

Basic Financial Statements
Notes to the Financial Statements

Livingston Parish Fire Protection District Four

Notes to the Financial Statements As of and for the Year Ended December 31, 2010

Introduction

The Livingston Parish Fire Protection District Four (the District) is a body corporate created by the Livingston Parish Council as provided by Louisiana Revised Statutes. The District is governed by a board of five commissioners, two are appointed by the Livingston Parish Council, one is appointed by the Mayor and Board of Alderman of the Village of Port Vincent, Louisiana, and one member is to be selected by the four members appointed. The Fire District was created on March 22, 1975, for the purpose of providing fire protection and prevention to District Four of the Parish of Livingston.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*. The accompanying financial statements have been prepared in accordance with such principles. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Section 2100 of the GASB Codification, *Defining the Financial Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Livingston Parish Fire Protection District Four is considered a component unit of the Livingston Parish Council (formerly the Livingston Parish Police Jury). As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

Livingston Parish Fire Protection District Four

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2010**

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Livingston Parish Fire Protection District Four. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

1. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Livingston Parish Fire Protection District Four reports the following governmental funds:

The General Fund is the entity's primary operating fund and is considered the only major fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Livingston Parish Fire Protection District Four

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2010**

1. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

1. Summary of Significant Accounting Policies (Continued)

C. Deposits and Investments (Continued)

with original maturities of three months or less from the date of acquisition.

The District's investment policy allows the entity to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the District are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible tax.

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

1. Summary of Significant Accounting Policies (Continued)

D. Receivables and Payables (Continued)

Property Taxes

For the year 2010, taxes of 10.00 mills were levied on property within the District's boundaries.

	General Obligations 10 Mills	Debt Service 0 Mills	Total
Revenues:	\$1,758,905	-	\$1,758,905
2010 Property Tax Assessed	\$1,758,905	-	\$1,758,905

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements. Current year amounts relate to prepaid insurance costs.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. At December 31, 2010, the District did not have a formal capitalization policy establishing a capitalization/expense threshold.

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

1. Summary of Significant Accounting Policies (Continued)

F. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Building Improvements	10-40 Years
Furniture and Fixtures	5-10 Years
Vehicles	5-15 Years
Equipment	5-10 Years

G. Compensated Absences

At December 31, 2010, the District has no plan or provision for compensated absences, pension plan or other post employment benefits. Vacation time cannot be accumulated and must be taken by the end of the year. There is no provision for leave carryover; therefore, leave accruals are not necessary.

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

1. Summary of Significant Accounting Policies (Continued)

H. Long-Term Obligations (Continued)

effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence and are beyond the control of management. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

K. Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets and

Livingston Parish Fire Protection District Four

Notes to the Financial Statements
As of and for the Year Ended December 31, 2010

1. Summary of Significant Accounting Policies (Continued)

K. Estimates (Continued)

liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

L. Codification

In March 2009, the GASB issued GASB No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards (GASB 56)*. GASB 56 establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations. This statement does not establish new accounting standards but rather incorporates the existing guidance into the GASB standards. Effective for the year ending December 31, 2010, the District is using the new Codification when referring to GAAP in its financial statements. This did not have an impact on the financial statements.

2. Stewardship, Compliance and Accountability

Budget Information

The District uses the following budget practices:

1. The Fire Chief prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

2. Stewardship, Compliance and Accountability (Continued)

4. Once a public hearing is held and all of the action necessary to finalize and implement the budget is completed, the budget is adopted through the passage of a resolution prior to the commencement of the fiscal year for which the budget is adopted.

The adopted budget constitutes the authority of the Fire Chief to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment.

All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year. Appropriations, except encumbrances, lapse at the end of each year.

3. Cash and Cash Equivalents

At December 31, 2010, the District had cash and cash equivalents (book balances) totaling \$2,563,625 as follows:

Cash on Hand	\$	446
Demand Deposits		183,019
LAMP		<u>2,380,160</u>
Cash & Cash Equivalents	\$	<u>2,563,625</u>

Deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

3. Cash and Cash Equivalents (Continued)

Deposits are categorized into three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured or unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured or unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

At December 31, 2010, the District had \$185,575 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance (Category 1) and \$411,874 of pledged securities (Category 3) held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of Section C20 of the GASB Codification, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

3. Cash and Cash Equivalents (Continued)

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA- R.S. 33:2955 (A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to no more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

4. Receivables

The receivables of \$2,316,952 at December 31, 2010, are as follows:

Property Tax Receivable	\$ 1,756,034
State Revenue Sharing Receivable	42,930
User Fees Receivable	588,117
Other Receivable	112
Allowance for Uncollectible Tax	<u>(70,241)</u>
Receivables at December 31, 2009, Net	\$ 2,316,952

Livingston Parish Fire Protection District Four

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2010**

4. Receivables (Continued)

Uncollectible amounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

5. Capital Assets

Capital Assets at December 31, 2010, were as follows:

	Balance at January 1, 2010	Additions	Deletions	Balance at December 31, 2010
Land	\$ 38,009	\$ 196,702	\$ -	\$ 234,711
Furniture & Fixtures	1,228,728	291,171	-	1,519,899
Buildings	775,196	-	-	775,196
Construction in Progress	-	12,109	-	12,109
Equipment/Vehicle	3,015,993	-	-	3,015,993
Total	5,057,926	499,982	-	5,557,908
Accumulated Depreciation:				
Furniture & Fixtures	(959,848)	(96,702)	-	(1,056,550)
Buildings	(221,794)	(27,058)	-	(248,852)
Equipment/Vehicles	(1,605,924)	(174,900)	-	(1,780,824)
Total Accumulated	(2,787,566)	(298,660)	-	(3,086,226)
Capital Assets, Net at December 31, 2010	\$ 2,270,360	\$ 201,322	\$ -	\$ 2,471,682

On July 23, 2009 the Livingston Parish Fire Protection District Four (the District) entered into a Cooperative Endeavor Agreement with the Livingston Parish School Board (LPSB) granting a lease and right of use of a portion of the North Corbin School property to the District for the construction of a fire protection facility for

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

5. Capital Assets (Continued)

a term of 50 years. In exchange for the lease and right of use, the District shall make a \$1 annual rental payment and provide fire protection services to all school facilities and fire protection and safety technique instruction to all school staff within the boundaries of District Four. As of December 31, 2010 this facility has not been constructed.

6. Interfund Receivables, Payable, and Transfers

Section 2300 of the GASB Codification requires the following details about interfund transfers reported in the fund financial statements.

The composition of interfund balances as of December 31, 2010, is as follows:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Debt Service	General Fund	\$ -

7. Payables

The payables at December 31, 2010, are as follows:

Tax Collector Fees Payable	\$ 23,525
User Fees Assessment Charges	70,574
Pension Fund Deductions Payable	68,310
Vendor and Other Payables	25,155
Retainage	<u>10,137</u>
Payables at December 31, 2010	<u>\$ 197,701</u>

8. Leases

Leases are accounted for in accordance with Section L20 of the GASB Codification and NCGA Statement No.5 which require governments to

Livingston Parish Fire Protection District Four

Notes to the Financial Statements
As of and for the Year Ended December 31, 2010

8. Leases (Continued)

use the criteria contained in FASB Statement No.13, *Accounting for Leases*, and GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, to classify leases as capital or operating leases. As of and for the year ended December 31, 2010, the District had not entered into any lease agreements requiring disclosure.

9. Long-Term Obligations

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2010:

	Certificate of Indebtedness
Principal at January 1, 2010	\$ 781,000
Less Principal Paid	<u>(117,000)</u>
Principal at December 31, 2010	\$ <u>664,000</u>

At its March 19, 2007 meeting, the Board authorized the issuance of up to \$1,000,000 of certificates of indebtedness. The certificates are to be repaid from a pledge of the proceeds of a ten mill special tax levy through the year 2014 approved by voters on September 18, 2004. The proceeds of the debt are to be used for the purpose of acquiring, constructing, improving, maintaining and/or operating fire protection and emergency medical service facilities, vehicles, and equipment.

In accordance with R.S. 39:562, the Livingston Parish Fire Protection District Four is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property.

In addition, the Livingston Parish Fire Protection District Four is legally restricted from incurring long-term bonded debt secured by sales and use taxes in excess of 75% of the avails of the tax. The entity was within this 75% limitation in 2009 when the certificates of indebtedness were issued.

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

10. Pension Plan

Plan Description. The District contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing, multiple-employer defined benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits, deferred and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the System. The System is governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana.

The benefits of the System are available to employees with 20 or more years of service who have attained age 50, employees who have 12 years of service who have attained age 55, or 25 years of service at any age. Benefits equal to 3 1/3% of the employees average compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Benefits are established by state statute. Retirement benefits are payable monthly to the retiree, and upon the death of the retiree, under certain conditions, are payable to the surviving spouse and minor children.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, LA 70809.

Funding Policy. Plan members of the System are required by the plan to contribute 8% of their gross pay for 2010, 2009 and 2008. From January through June 2010, the employer's contribution rate was 14%. The rate increased to 21.5% for the month of July through December 2010. The District's contribution requirements are determined by actuarial valuation and are subject to change based on the results of the valuation for the prior year. Differences from the actuarially required contribution rate may arise due to state law that requires employer contribution rates be calculated and set two years prior to the year effective. The District's contributions to the plan for the years ending December 31, 2010, 2009, and 2008 were \$14,879, \$11,140, and \$8,195, respectively, and equaled the required contributions for each year.

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

11. Deferred Compensation Plan

The District offers employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code (IRC) of 1986. The assets of the plan are held in trust as described in IRC 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of the plan, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with Section D25 of the GASB Codification, plan balances and activities are not reflected in the District's financial statements.

During 2010, the District's rate of contribution to the plan was 11.8% of gross wages. The District's total contributions made to the plan were \$17,343 for the year ended December 31, 2010.

12. On-Behalf Payments

Section N50 of the GASB Codification requires governmental employers to disclose the amount recognized in the financial statements for on-behalf payments of salaries and fringe benefits.

Supplementary salary payments are made by the State of Louisiana directly to certain District employees. The District is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is actual contributions made by the State. For the fiscal year ended December 31, 2010, the State paid supplemental salaries to the District's employees in the amount of \$24,000.

13. Compensation Paid to Board Members

The schedule of per diem payments to Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As authorized by Louisiana Revised Statute 32:772, each member of the Board shall be reimbursed when actually in attendance at a board meeting or when required to travel for the official authorized business of the

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

13. Compensation Paid to Board Members (Continued)

Board, and such reimbursement shall not exceed \$30.00 per day, not to exceed \$1,800 per annum to any one person, plus actual expenses.

The following is a breakdown of per diem paid to Board members:

Ricky Goff, Chairman	\$ 330
James Rawls, Board Member	420
Robert Dugas, Board Member	-
Jeff Easley, Board Member	330
Darren Blevins, Board Member	270
Total	<u>\$ 1,350</u>

14. Contingent Liabilities

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage.

The District is currently party to one law suit which it is vigorously defending. In November 2010, the trial court ruled that the District was at fault and entered a judgment against the District of approximately \$12,000. The District and its insurer have appealed the ruling and the judgment. While management of the District believes, based on the advice of legal counsel, it will prevail on the appeal, the District's comprehensive commercial insurance coverage is more than sufficient to cover the judgment. As a result, no accrual for loss in connection with this matter has been recorded to the basic financial statements.

15. Subsequent Events

Management has evaluated events through the date that the financial statements were available to be issued, August 30, 2011, and determined that the following is a subsequent event requiring disclosure.

Livingston Parish Fire Protection District Four

Notes to the Financial Statements

As of and for the Year Ended December 31, 2010

15. Subsequent Events (Continued)

In July 2010, the District entered into an agreement with a contractor (old contractor) for the construction of a new fire station facility (Fire Station #10) with a contract amount of \$848,000. Work on Fire Station #10 commenced subsequent to execution of the agreement and as of December 31, 2010, there was approximately \$284,000 in payments made to the contractor and various sub-contractors.

Subsequent to December 31, 2010 the old contractor responsible for construction of Fire Station #10 declared bankruptcy. The old contractor was fully bonded and a claim was filed by the District to recover construction in progress costs incurred through December 31, 2010. In May 2011, a settlement of approximately \$271,000 was received and has been reflected as Receivable from Bonding Company on the Statement of Net Assets as of December 31, 2010. No gain or loss in connection with the settlement has been recognized in the Statement of Activities for the year ending December 31, 2010 as the difference between the amount settled and the estimated recoverable amount from previous construction activities performed by the old contractor is approximately \$9,000.

Concurrent with the receipt of the insurance settlement, an agreement with a new contractor was entered into for the construction of Fire Station #10 with a contract amount of approximately \$919,000.

Required Supplemental Information (Part II)

**Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget and Actual
General Fund**

Livingston Parish Fire Protection District Four

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad Valorem	\$ 1,520,000	\$ 1,500,100	\$ 1,758,905	\$ 258,805
State Revenue Sharing	121,000	123,036	124,954	1,918
User Fees	590,000	486,660	608,399	121,739
Fire Insurance Rebate	134,000	133,768	133,767	(1)
Interest Earned	20,000	11,740	12,503	763
State Supplemental Pay	20,400	24,000	24,000	-
Donations	200	500	-	(500)
Miscellaneous Revenue	2,600	5,600	6,046	446
Total Revenues	2,408,200	2,285,404	2,668,574	383,170
Expenditures				
Salaries and Wages	791,867	705,990	695,949	10,041
Collection Fees	140,000	140,575	165,668	(25,093)
Office Supplies and Postage	20,500	17,150	12,620	4,530
Maintenance Contracts	15,500	15,100	15,144	(44)
Insurance	209,375	232,036	232,270	(234)
Professional Services	25,600	38,640	41,281	(2,641)
Bad Debt Expense	-	-	47,837	(47,837)
Supplies	77,200	46,385	48,952	(2,567)
Repairs and Maintenance	107,100	86,882	87,181	(299)
Utilities	50,300	41,735	42,397	(662)
Training	5,000	4,780	4,761	19
Telephone	21,000	20,110	20,310	(200)
Fuel and Oil	48,500	46,800	47,105	(305)
Dues and Subscriptions	860	1,755	4,436	(2,681)
Janitorial Supplies	4,200	3,600	3,260	340
Leases	5,400	4,010	4,009	1
Miscellaneous	4,000	2,500	2,267	233
Capital Outlay	1,246,538	765,674	771,762	(6,088)
Debt Service				
Principal	117,000	117,000	117,000	-
Interest	30,725	30,725	30,725	-
Total Expenditures	2,920,665	2,321,447	2,394,934	(73,487)
Excess Revenues (Expenditures)	(512,465)	(36,043)	273,640	\$ 309,683
Net Change in Fund Balance	(512,465)	(36,043)	273,640	
Fund Balance, Beginning of Year	4,398,220	4,398,220	4,398,220	
Fund Balance, End of Year	\$ 3,885,755	\$ 4,362,177	\$ 4,671,860	

Other Supplemental Information

Livingston Parish Fire Protection District Four

**Schedule of Findings and Responses
For the Year Ended December 31, 2010**

We have audited the basic financial statements of Livingston Parish Fire Protection District Four as of and for the year ended December 31, 2010, and have issued our report thereon dated August 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2010 resulted in an unqualified opinion.

Section I Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes ☒ No Significant Deficiencies Yes ☒ No

Compliance

Compliance Material to Financial Statements ☒ Yes No

Was a management letter issued? Yes ☒ No

B. Federal Awards ☒ Not Applicable

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Type of Opinion on Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are there findings required to be reported in accordance with Circular A-133,
Section .510(a)? Yes No

C. Identification of Major Programs:

CFDA Number(s) **Name of Federal Program (or Cluster)**

Dollar threshold used to distinguish between Type A and Type B Programs: \$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

Livingston Parish Fire Protection District Four

**Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2010**

Section II Financial Statement Findings

2010-1 Timely Issuance of Audited Financial Statements
NON COMPLIANCE

Condition

Louisiana Revised Statute 24:517 requires that audited financial statements be issued within six (6) months of the close of the fiscal year.

Finding

The audited financial statements of the year ended December 31, 2010, were not issued timely as required by the above statute due to complications derived from obtaining and providing to the auditing firm an executed version of a Cooperative Endeavor Agreement (CEA) disclosed in Note 5 to the Basic Financial Statements. The executed version of the CEA was initially requested on April 19, 2011 but not received until July 29, 2011.

Recommendation

The District should ensure that complete and accurate documentation is created, organized and secured timely to evidence and account for all contractual agreements of the District within an acceptable timeframe.

Management's Response

Livingston Parish Fire Protection District No. 4 (LPFPD4) entered into a Cooperative Endeavor Agreement (CEA) with the Livingston Parish School Board (LPSB) for the lease of .75 acres of land to construct a fire station. The LPSB's attorney executed all documents on behalf of his client. Once the documents were signed by both parties, the attorney notarized the document but failed to supply copies to either party involved. Many attempts were made by our administration throughout the course of 2010 and 2011 to obtain a copy of the executed CEA, but to no avail.

In the future, LPFPD4's attorney will handle all matters and documentation of this nature to ensure all are completed and received in a timely manner.

Section III Federal Award Findings and Questioned Costs

NONE

Livingston Parish Fire Protection District Four

**Schedule of Prior Year Findings
For the Year Ended December 31, 2010**

SECTION I Internal Control and Compliance Material to Financial Statements

NONE

SECTION II Internal Control and Compliance Material to Federal Awards

NONE

SECTION III Management Letter

NONE

Other Reports



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board Members of
Livingston Parish Fire District Number Four

We have audited the financial statements of the governmental activities of the Livingston Parish Fire District Number Four (the District), as of and for the year ended December 31, 2010, which comprise the Livingston Parish Fire District Number Four's basic financial statements and have issued our report thereon dated August 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain control deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider to be a control deficiency in internal control over financial reporting which is reported as finding 2010-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance, reported as finding 2010-1, in the accompanying Schedule of Findings and Responses, which is required to be reported under *Government Auditing Standards*.

The Livingston Parish Fire District Number Four's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Livingston Parish Fire District Number Four's Board of Directors, others within the entity, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Malcolm M. Dienes, L.L.C.

August 30, 2011